

The lessons of Abraham Lincoln: 'We cannot escape history'

by Rochelle Ascher

Rochelle Ascher submitted the following speech to the annual conference of the International Caucus of Labor Committees and the Schiller Institute in Vienna, Virginia on Sept. 5. Her speech was delivered on her behalf by her husband John. Ascher, the first associate of Lyndon LaRouche to be convicted in the Virginia "get LaRouche" political trials, began serving her 10-year sentence on June 15. She is appealing her frameup to the U.S. Supreme Court.

There has not been in American history, until Lyndon LaRouche, a man such as Abraham Lincoln. When we look at the situation in the world today, and that in the U.S., the situation Lincoln found himself in was equally, if not more, devastating. Surrounded by traitors on all sides, with a totally bankrupt economy, he acted as no one expected him to act. The economic mobilization carried out during those four years, under conditions of brutal war in which more Americans died than in World Wars I and II combined, is unparalleled in U.S. and, possibly, world history.

When Lincoln was elected, he received *no* electoral votes in 15 states and *no* popular votes in 10. While he received 1.8 million votes, his three opponents together received 2.8 million. In the four months before his inauguration, five states seceded from the Union—the rest of the Confederacy shortly thereafter. By the time he took office, civil war was only weeks away.

The U.S. was bankrupt. For 30 years it had been the victim of British economic measures. Jackson's dismantling of the Bank of the United States, followed by Polk's Independent Treasury Act of 1846, and the free trade treason of Presidents Van Buren, Tyler, Polk, Pierce, and Buchanan, had placed the U.S. totally under the control of the Baring and Rothschild-allied New York banks of Astor and Gallatin. In 1857, the U.S. went totally bust; the banks collapsed, factories closed, business came to a standstill. Hunger and unemployment were widespread. The Treasury was empty. Congress had not been paid.

The Buchanan administration, as Anton Chaitkin has amply documented, was indistinguishable from the Supreme Council of the Scottish Rite. These freemasonic traitors had been working actively for months to disarm Northern federal arsenals while equipping the Southern rebel states. Citizens demonstrated throughout Northern cities, as tons of military

hardware were stolen and shipped south for an attack on the U.S., with the connivance of the vice president and at least three cabinet members.

Lincoln's Gethsemane

The most telling description of the situation the country faced following Lincoln's election appears in an interchange between Lincoln himself, and one of his closest friends, Judge Gillespie, in the days before the inauguration:

"... Gillespie," said he, "I would willingly take out of my life a period in years equal to the two months which intervene between now and my inauguration to take the oath of office now." "Why?" I asked. "Because every hour adds to the difficulties I am called upon to meet, and the present administration does nothing to check the tendency toward dissolution. I, who have been called to meet this awful responsibility, am compelled to remain here, doing nothing to avert it or lessen its force when it comes to me."

I said that the condition of which he spoke was such as had never risen before, and that it might lead to the amendment of such an obvious defect in the federal Constitution.

"It is not of myself I complain," he said, with more bitterness than I have ever heard him speak, before, or after. "But every day adds to the difficulty of the situation, and makes the outlook more gloomy. Secession is being fostered rather than repressed, and if the [secession] doctrine meets with a general acceptance in the border states, it will be a great blow to the government."

Our talk then turned upon the possibility of avoiding a war. "It is only possible," said Mr. Lincoln, "upon the consent of this government to the erection of a foreign slave government out of the present slave states. . . ."

"I see the duty revolving upon me. I have read, upon my knees, the story of Gethsemane, where the Son of God prayed in vain that the cup of bitterness might pass from him. I am in the Garden of Gethsemane now, and my cup of bitterness is full and overflowing. . . ."

I then told him that as Christ's prayer was not answered and His crucifixion had redeemed the great part of the world from paganism to Christianity, so the sacrifice demanded of him might be a great beneficence. Little did I then think how prophetic were my words to be, or what a great sacrifice he was called upon to make.

President Lincoln received news from Fort Sumter that it was threatened the very morning after his inauguration. For the next 1,503 days, he mobilized as if drinking from that cup of Gethsemane every single day.

With Lincoln invoking the full powers of the presidency, the Civil War created the emergency conditions for Lincoln and his Whig advisers to carry out the most sweeping reorganization of the economy along American System principles since the founding of this country three-quarters of a century earlier.

Today, as we look around the world, particularly at the situation in eastern Europe, Lincoln's lesson to us—the reinstatement of the American System under emergency conditions—must be understood.

The breathtaking economic development program which Lincoln designed not only saved the nation and won the war, but remained in effect long enough after his assassination for the U.S. to become the world's greatest industrial power and to remain so for years to come.

Lincoln's policies as President were a result of a 30-year fight by him for the reinstatement of the American System against British free trade. Without going through the history, suffice it here to say that he did not arrive at this out of the blue—as a young man he was a student and devout admirer of [Henry] Clay and Mathew Carey. In his first election day speech, at the age of 21, he announced his commitment to the American System: "My politics are short and sweet, like the old woman's dance. I am in favor of a national bank. I am in favor of the internal improvements system and a high tariff."

He led the fight for internal improvements for eight years in the Illinois state legislature and for a national bank and protective tariff as the national spokesman for the Whig Party during every presidential campaign and his own single term in Congress. But he was not in a position to implement these policies until under the emergency conditions of a wartime mobilization, when he was able to force them through.

Lincoln's history as an American System economist is virtually blacked out of the history books. The other problem is that no historians understand what Carey and Lincoln and we understand—that slavery and free trade belong to a *single* evil system—which had to be defeated.

Formed in response to Kansas-Nebraska, the Republican Party was anti-slavery, but many of its leaders were rabid free-traders. Carey and Lincoln knew that it was an absolute necessity to win the platform fight at the 1860 convention to

not only attack slavery, but to include a total commitment to Hamiltonian American System economics. Carey and Lincoln spent four years organizing for such a policy. Much of this agitation was initiated by the Home Protective Union of Pennsylvania, of which Carey was president. The four years of organizing paid off: Of the 17 planks adopted, 8 dealt with slavery, the rest with the political economy of the American System, including reestablishing the Bank of the United States, railroads, internal improvements, and restoration of a protective tariff.

Fighting the British-backed New York banks

So, what was it that Lincoln did that forced the British to murder him?

When Lincoln took office, Congress was out of session. The only available means Lincoln had to finance the war effort was to go to the Associated Banks of New York, run by British agents Gallatin and Astor. The government depended upon these banks for specie, and the government budget was financed through the sale of bonds to these banks. America was then mortgaged to Britain, as the U.S. debt was sold overseas to the Rothschild and Baring banking houses.

But, Carey and his circles organized an alternative, whose spirit was set forth by Lincoln in his famous Dec. 3, 1861 "Annual Address to Congress." The significance of this address cannot be overstated, as the British were well aware.

Lincoln's emergency economic measures included:

- 1) a nationally regulated private banking system, which would issue cheap credit to build industry;
- 2) the sale of long-term, low-interest bonds (5:20s) to the general public and to the nationally chartered banks;
- 3) the increase of tariffs until industry was running at full tilt;
- 4) government construction of railroads into the middle South, promoting industrialization over the Southern plantation system—what Carey called "a peace-winning program" to industrialize the South.

The national banks were intended to serve a useful purpose by being both investors in the future wealth of the U.S. through the purchase of 20-year bonds at 5% (the 5:20s) and through the issuance of long-term, low-interest loans to manufacturers, as well as by acting as a medium for the circulation of currency. Instead of selling the U.S. debt to the British, the citizens would buy the debt. The policy was identical to Hamilton's: The debt would be the basis for credit for industrial development.

James Gallatin, the New York Associated Banks, and their friends in the British government went nuts. On Dec. 28, 1861, they suspended specie payment to the government. They suspended payment of gold owed to their depositors, and stopped transferring to the government the gold which they had pledged for the purchase of government bonds. The banks of other cities immediately followed suit. They came to Washington to present their alternative to Lincoln: high-

interest bonds to be sold to the European banking syndicates; deposit of U.S. government gold in private banks for the investment use of the bankers; and a tax on basic industry to finance the war.

Lincoln showed the bankers the door, something which could be usefully repeated all over the world today.

While Lincoln fought the Eastern bankers, the Treasury issued several hundreds of millions of new greenbacks. Jay Cooke was employed to become sole agent for the 5:20 bonds. Carey's associates Colwell and Elder prepared the propaganda to sell the bonds, and were appointed to posts in the Treasury Department. Cooke sold over \$1.3 billion worth of bonds to the citizens of the U.S. between 1862 and 1865.

The original bill authorizing the sale of the 5:20 bonds contained no provision for paying the interest on the bonds in gold. If the bill as prepared by Thaddeus Stevens's House Ways and Means Committee had passed the Congress, *it would have had the effect of severing the domestic economy of the U.S. from the British early in Lincoln's administration.*

The British pound sterling at the time was the world reserve currency. But, before the bill was passed, August Belmont and James Gallatin worked out a compromise with Congress which allowed the bonds to be purchased with greenbacks, but the interest to be paid in specie.

This compromise was the first step in pegging the value of the U.S. national currency, the greenback, to gold, and allowed August Belmont and other New York merchants engaged in the export-import trade to speculate in gold through the Associated Banks and thus create fluctuations in the greenback as measured by the British gold standard.

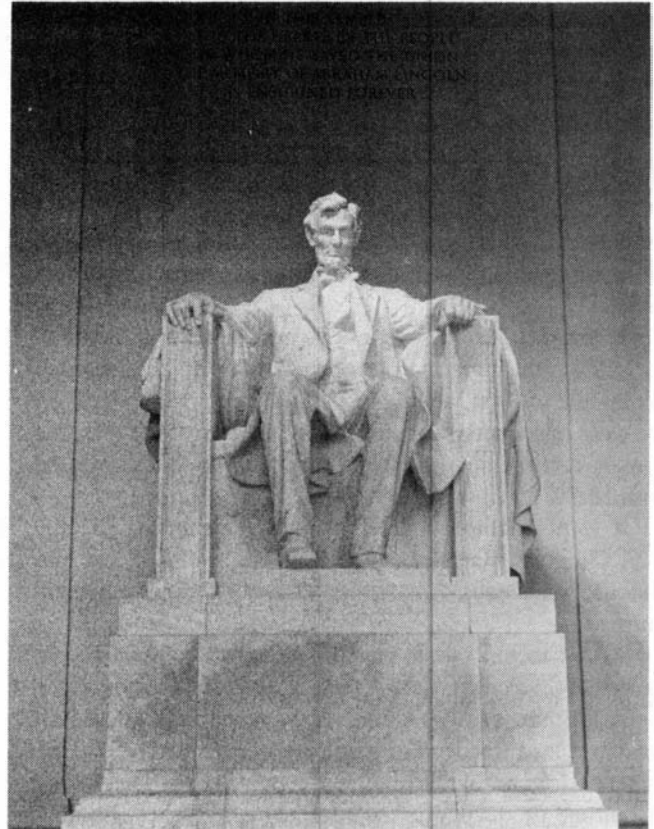
Lincoln had to bring the national banks under his control, out of the condition of anarchy and treason. Lincoln succeeded, through the enactment of two bills, the National Currency Act of February 1863, and the National Banking Act of June 1864:

Since the time of Andrew Jackson's removal of government deposits from the Bank of the United States, there was no national bank and *no national currency*, which, in effect, meant no national sovereignty. Each bank issued its own notes. In January of 1862, there were 1,496 banks in the U.S., 7,000 legitimate notes and 5,500 counterfeit notes. The specie payment on these notes was now suspended.

Banks had no one in the federal government to answer to—only state banking inspectors, who were frequently bribed. The banks had little or no capitalization or reserves, and operated often solely on the connections of the bank's chairman. Banks promoting the most outrageous schemes and responsible to no one were the order of the day. The large private banking houses, like the House of Morgan, used large credit lines from Europe to add to the chaos.

Lincoln attacked the British dominated banks through the following steps:

- First of all—strict federal supervision of bank chartering, eliminating chaotic state banking practices. State char-



The Lincoln Memorial in Washington. Lincoln told Congress in his second annual address in 1862: "In giving freedom to the slave, we assure freedom to the free. . . . The way is plain, peaceful, generous and just—a way which, if followed, the world will forever applaud and God must forever bless."

tered banks fell from 1,466 to 297, while federal banks increased to over 1,600.

- Secondly—regulations were imposed covering minimum capitalization, reserve requirements, the definition of bad debts, reports on financial condition and identity of ownership and other elements of safety to depositors. Every bank director had to be an American citizen, and three-quarters of a bank's directors had to be residents of the state in which the bank did business. Interest rates were limited by state usury laws, with the maximum allowable rate set at 7%.

- The third step concerned the control of currency. There were to be two kinds of legal money: greenbacks and bank-issued notes. Government-authorized bank-issued notes were strictly regulated. Banks were required to deposit bonds with the Treasury to qualify as a circulator of notes, and strict specie and money reserves were also required.

During the war, \$450 million in greenbacks were issued. It is doubtful the war could have been won without the issuance of the greenbacks. By creating \$450 million worth of greenbacks, Lincoln increased, by increasing government credit, government spending by 300%! The revolutionary nature of the greenbacks, of putting a nation in charge of its

own currency, cannot be overstated. The Venetian system of finance was based upon limiting payment to gold, and controlling the gold supply, as was the Venetian-inspired British system.

Revolutionary improvements

The other key elements of the American System, beyond the national banking system, which Lincoln implemented were the system of protective tariffs and internal improvements.

- Protectionism: Congress passed the Morrill Tariff in early 1861, the highest protective tariff to date, then through the middle of 1864, new tariff bills, pushing rates even higher, were introduced and passed. By the end of the war, the average rate on goods subject to duty stood at 47%, compared with 18.8% at the start of the war.

- Infrastructure and internal improvements: In 1862, the U.S. Congress chartered and pledged grants of land and subsidies to finance the construction of the first transcontinental railroad.

After Lincoln's assassination, Congress continued to finance massive railroad construction. The effect of this on the nation's future was astounding. In the second half of the 19th century, the railroads, along with the steel industry, were the "science drivers" of the American economy. The technology of railroad production involved pneumatic brakes, blasting through and grading tracks on inclines through mountains, the making of durable bridges to ford rivers, and the abundant use of different grades of iron and steel. The connection of the country by rail increased traveling speed two to three times, allowing rapid development of the West. Railroad mileage went from 45,000 miles in 1865 to 167,000 in 1890. By 1900, the U.S. had over 193,000 miles, more than all of Europe combined. The number of patents issued rose from 883 in 1850 to over 14,000 in 1876.

Additionally, Lincoln proposed and saw implemented measures for a national and international network of telegraphic communications, the development of the Land Grant College system, establishing the state college system for instruction in agronomy and the mechanical arts, the creation of the National Academy of Sciences, "to investigate, examine, experiment and to report upon any subject of science or art," and the U.S. Coast Survey, which quickly became the largest employer of physical scientists in the U.S., with the largest budget ever allowed a scientific bureau connected with the government.

Lincoln also organized a new Bureau of Navigation in 1862, which totally revolutionized the U.S. Navy. He also saw to the creation of the Department of Agriculture, whose purpose, as Lincoln stated in his famous 1859, Wisconsin State Agricultural Society speech was, "to make two blades of grass grow where one grew before." As a result, Lincoln revolutionized American agriculture. Through Lincoln's policies, wheat and corn production tripled in the three de-

cadecades following the Civil War.

With such measures, and the passage of the Homestead Act opening up vast areas of the American West for settlement, and his Immigration Act, recruiting waves of new immigrants, Lincoln guaranteed development for decades to come.

Standardization and mass production were introduced for production of war matériel, starting with uniforms and coats. This was the first time clothing had ever been produced outside of cottage industries. Steel production, which essentially did not exist in the United States before Lincoln, grew by leaps and bounds. The Bureau of Labor reported in 1886 that in the previous 20 years, productivity had increased 40-80% in agricultural implements, footwear, in machines and machinery, and other areas.

The U.S. population almost tripled between 1860 and 1902: from 31 million to 92 million. Immigrants flocked to and were welcomed into the United States. Finally, the U.S. shifted from a rural to an urban society. Philadelphia became the leading industrial city in the U.S., and possibly in the world. Chicago was transformed from a small town into a major urban center in a few years.

Free trade traitors counterattack

But the British-allied Northern bankers and their congressional spokesmen forced several compromises, while the British government itself organized every possible opposition.

Frantic over the American System financial policy, the British began a massive organizing drive in the U.S. in support of free trade. John Stuart Mill and Chancellor of the Exchequer William Gladstone controlled the Cobden Clubs—Britain's worldwide agitators for free trade. These were heavily deployed into the free trade wing of the Republican Party and abolitionist movement.

There was speculation on Wall Street to depreciate the greenbacks, by Belmont and other New York merchants engaged in export-import trade.

The second compromise forced on Lincoln was his appointment of British agent and rabid free-trader Hugh McCullough as first Comptroller of the Currency, which he had to do to get enough votes to pass the National Banking Act. Lincoln appointed McCullough in March of 1865, one month before the war's end.

Lincoln and Carey were quite aware of the problem created by such compromises. Several steps were taken. First, at Lincoln's request, Thaddeus Stevens authored a bill to outlaw all sale of gold in the New York Gold Room.

Just three days before Lincoln's death, McCullough initiated an attack on Lincoln with an open letter to Carey in the *Chicago Tribune*, in which he called for a reduction of the protective tariff, an immediate return to specie (elimination of the greenback), and contraction of the currency. The article was accompanied by the following excerpt from the Lon-

don *Times*:

"He [McCullough] is what few Americans are; a sound political economist. He has studied the philosophy and theory as well as the practice. To read his letters and treatises anyone who did not know that he was American might imagine that he was an Englishman or a Scotsman, who had never embraced the delusion so prevalent on this side of the Atlantic, that as the resources of America are not half developed it is competent to American statesmen to run riot in world experiment and set as defiance the dearly bought experience of older communities. McCullough is, as far as his published opinions testify, a worthy successor of Adam Smith, Mill, Ricardo. . . ."

Lincoln responded with a brutal attack on McCullough—and was killed three days later. In fact, just before his assassination, Lincoln and Carey were making major moves to wipe out some of the most pernicious British-controlled New York banks. They had already severely restricted their speculative real estate loans by law.

In fact, *on the day he was assassinated*, Lincoln was considering the problem of how to combat speculation by bringing the national currency (the greenbacks) up to par value without contracting the supply. He was planning to break with the British gold standard altogether. At Lincoln's request, Carey wrote a series of open letters to Speaker of the House Schuyler Colfax that were titled, "How to Defeat England without Fighting Her." Carey argued against the heteronomy with which U. S. economic policy was carried out. Carey said that Lincoln had been forced to put his signature to bills that he did not consider in the national interest.

Carey called for the creation of a national economic policy planning body under the control of the Executive branch, which Lincoln did set up shortly before his death, called the Commission on Revenue.

The corrupt Johnson administration

Lincoln's assassination constituted a virtual coup d'état. The British had succeeded in wiping out with a single bullet the hope of the world.

Lincoln's successor, Andrew Johnson, in his inaugural address, signaled a total reversal of Lincoln's economic policy. He called Lincoln's tariff "a clearly recognized outrage." He concluded his inaugural with the statement: "Free trade with all the markets of the world is the true theory of government."

Almost the entire Johnson cabinet were outright British agents or corrupted by British ideology. In late 1865, McCullough officially announced his intention of reversing the American System and all that Lincoln fought for. His policy was to rapidly contract the national currency (the greenback) and return the nation immediately to specie payments and direct taxation of productive wealth (looting) to pay off the national debt. Within the context of a policy which called for destroying the nation's industrial base to pay off foreign

debts, any positive program for reconstruction of the South was impossible.

The congressmen and senators allied with Carey launched a counterattack in defense of Lincoln's program—that action, even if rear guard at times, was responsible for the continued growth of American industry and the scientific development of the last three decades of the 19th century, which turned this nation into the most technologically advanced nation in the world.

Abraham Lincoln and Lyndon LaRouche

In conclusion, Abraham Lincoln, like Lyndon LaRouche today, demanded that leadership required for taking responsibility directly upon our shoulders.

In his Second Annual Address to Congress in 1862, he said:

Fellow citizens, *we* cannot escape history. We of this Congress, and this administration, will be remembered in spite of ourselves. No personal significance, or insignificance, can spare one or another of us. The fiery trial through which we pass, will light us down, in honor or dishonor, to the last generation. We *say* we are for the Union. The world will not forget that we say this. We know how to save the Union. The world knows we know how to save it. We *even here*—hold the power and bear the responsibility. In *giving* freedom to the *slave*, we assure freedom to the free—honorable alike in what we give and what we preserve. We shall nobly save, or meanly lose, the last, best hope of earth. Other means may succeed—this could not fail. The way is plain, peaceful, generous and just—a way which, if followed, the world will forever applaud and God must forever bless.

If we do this we shall not only have saved the Union, but we shall have so saved it, as to make, and to keep it forever worthy of the saving. We shall have so saved it, that the succeeding millions of free happy people the world over shall rise up and call us blessed, to the latest generations.

The fact that Lyndon LaRouche sits in a federal prison, while the fate of 6 billion souls depends on his freedom and the implementation of his economic policy, defines the task at hand.

If Lincoln could do it, with what he faced, so, too, can we. We must free LaRouche to bring back to this dying nation and this dying world that for which Lincoln and so many others gave their lives—so that in his words, from the battlefield at Gettysburg: "We here highly resolve that those dead shall not have died in vain—that this nation, under God, shall have a new birth of freedom,—and that government of the people, by the people, for the people, shall not perish from the earth."